

**CHAPTER V**

**REPORT DELINQUENCY**

**COMPONENTS**

**INTRODUCTION**

**COMPUTED MEASURES**

**PROGRAM REVIEW**

**METHODS SURVEY**



# **INTRODUCTION**



REPORT DELINQUENCY

INTRODUCTION

The Report Delinquency function consists of the efforts to assist employers to comply with State laws and regulations for employment reporting, and to resolve delinquent reports. The major tasks are:

- Identify delinquent employer accounts
- Notify delinquent employers
- Resolve delinquency by securing reports, determining non-labile, or assessing estimated monetary liability

PRIMARY OBJECTIVE

The primary objective of the Report Delinquency function is to promote compliance with SESA reporting requirements and secure delinquent reports timely. To accomplish this, the Report Delinquency function will need to meet two sub-objectives:

- Increase the percentage of employers filing quarterly reports by promoting voluntary compliance (**Completeness**)
- Take all reasonable actions to secure delinquent reports within an acceptable time period (**Timeliness and Completeness**)

**Completeness** To determine what systems the SESA utilizes to promote employer reporting and methods used to secure and resolve delinquencies, the TPS reviewer will conduct a Methods Survey. Exemplary procedures will be identified and shared with all SESAs as part of TPS's technical assistance.

REPORT DELINQUENCY

INTRODUCTION

PRIMARY OBJECTIVE

*Timeliness  
and  
Completeness*

To assess SESA effectiveness in promoting employer compliance, and in securing delinquent reports, Computed Measures will be generated based on data routinely reported by SESAs. These data elements will be converted into six indicators by the TPS ADP system.

To determine whether the SESA is taking all reasonable actions to secure/resolve report delinquencies, a Program Review will be conducted to ascertain the existence of necessary internal controls and to determine whether or not such controls are functioning properly.

REVIEW METHODOLOGIES

*Computed Measures*

Computed Measures will provide indicators to measure how effective the SESA is in securing delinquent reports timely and in resolving delinquent reports. There are three indicators which will be used to measure contributory employers and the same three indicators will be used to measure reimbursing employers:

- A. Percent of reports filed timely.
- B. Percent of reports secured by the end of following quarter.
- C. Percent of reports secured plus delinquencies resolved within 180 days (i.e., two following quarters)

REPORT DELINQUENCY

INTRODUCTION

**REVIEW METHODOLOGIES**

***Program Review***

The Program Review to be conducted for Report Delinquency has two components—a Systems Review and an Acceptance Sample.

The Systems Review covers the following topics:

- Recorded Information and Instructions
- Training
- Recording of Transactions and Events
- Systems to Assure Execution of Events
- Review of Completed Work

The Systems Review will be used to identify the internal controls and quality assurance systems necessary for an effective Report Delinquency operation and to verify if the SESA has such controls in place.

The Acceptance Sample examines the following:

- Employer Accounts Identified as Delinquent

In conjunction with the Systems Review, Acceptance Samples of delinquent report notices will be examined to confirm that the SESAs system of controls is ensuring proper and timely delinquent report processing.

REPORT DELINQUENCY

INTRODUCTION

**REVIEW METHODOLOGIES**

*Methods Survey*

A Survey will be conducted to gather information on methods and practices for dealing with delinquency. The Survey has two parts:

- Methods to resolve delinquencies
- Methods to promote reporting and payment compliance

Information gathered from the survey when contrasted with findings from the computed measures can be used to determine end product quality. TPS will identify promotional (e.g., publications, information dissemination, employer associations) and/or enforcement factors which lead to employer reporting compliance. Those SESAs exhibiting desired numbers or trends will be reviewed individually and as a group to identify conditions or procedures which promote employer compliance. Information will be shared with all SESAs as part of TPS's role in Technical Assistance.



## **COMPUTED MEASURES**



**REPORT DELINQUENCY**

**COMPUTED MEASURES**

**COMPUTED MEASURES**

Computed measures will provide indicators for how effective the SESA is in securing delinquent contribution reports timely and resolving delinquent wage reports. These measures will be generated based on data elements reported by SESAs through routine quarterly reports. Upon implementation of the TPS program, the TPS reviewer must ensure that the State ADP system captures these data elements as defined so that the ADP system can produce output reports based on these elements.

Whether the SESA accumulates the data elements required for delinquency computed measures through ADP or manually, it is important that the records be maintained from the beginning. Upon full implementation of TPS, data for delinquency indicators will replace the data reported on the ETA 581 for this function. The plan is to gather the data needed from the system used to electronically report the current ETA 581 data. Appendix B explains the technical process for gathering this information.

**Report Delinquency Indicators**

The six indicators to measure how effective the SESA is in securing delinquent reports timely and resolving delinquent reports are described below:

**For Contributory Employers**

1. Percent of reports filed timely.
2. Percent of reports secured by end of following quarter.
3. Percent of reports secured plus delinquencies resolved within 180 days (i.e., two following quarters).

**REPORT DELINQUENCY**

**COMPUTED MEASURES**

**COMPUTED MEASURES**

**For Reimbursing Employers**

4. Percent of reports filed timely.
5. Percent of reports secured by end of following quarter.
6. Percent of reports secured plus delinquencies resolved within 180 days (i.e., two following quarters).

REPORT DELINQUENCY

COMPUTED MEASURES

COMPUTED MEASURES

**Indicators 1 & 4 - Timely Employers (Contributory & Reimbursing)**

(The percent of employers filing reports timely).

Rationale. This indicator reflects the percent of voluntary reporting compliance. It is intended to provide a measure of SESA efforts to promote voluntary filing through effective publications/forms, educational programs and/or utilization of enforcement tools. Timely reports include all reports filed on or before the delinquent date established by the SESA for the calendar quarter. Analyzing this indicator with the Methods Survey, TPS will identify factors which encourage voluntary employer reporting compliance.

Formula.

$$\frac{\text{The average number of contributory/reimbursing employers filing reports timely for four (581) report quarters}}{\text{The average number of active contributory/reimbursing employers for four (581) report quarters ending one quarter earlier}}$$

Data Elements.

The number of employers filing reports timely is reported on the ETA 581, item #6 for contributory employers and item #9 for reimbursing employers.

Active employers are those employers registered and required to file reports under the State unemployment compensation law. The number for each quarterly period should be the same as currently reported on form ETA 581. The average of the four 581 report quarters is used because reporting is based on timely reports for the quarter ending one quarter earlier.

REPORT DELINQUENCY

COMPUTED MEASURES

**COMPUTED MEASURES**

**Indicator 2 & 5 - Secured Reports (Contributory & Reimbursing)**

(The percent of quarterly reports secured by the last day of the following quarter).

Rationale. This indicator measures the percent of employer reporting compliance by the level of secured reports for the preceding quarter. The "secured" definition combines voluntary employer reporting and SESA-influenced reporting. It excludes report delinquencies which are resolved by assessment, thereby maintaining emphasis on employer compliance and on the effect of SESA efforts to secure delinquent reports. This indicator is similar to the one used by Quality Appraisal as a DLA for Report Delinquency, and when analyzed with Indicator (1), Timely Employers, it should be possible to determine the effectiveness of SESA reporting enforcement efforts.

Formula.

The average number of contributory/reimbursing employers whose reports had  
been secured by the last day of the four (581) report quarters  
Average number of active contributory/reimbursing employers for the four (581)  
report quarters ending one quarter earlier

Data Elements.

The number of employers whose reports have been secured by the last day of the following quarter is reported on the ETA 581, item #7 for contributory and item # 10 for reimbursing.

**REPORT DELINQUENCY**

**COMPUTED MEASURES**

**COMPUTED MEASURES**

The number of employer reports secured for the quarter are the number of contributory employers, or the number of reimbursable employers who by the end of the next quarter had submitted contribution reports which were due for the preceding quarter. An example would be an employer who did file a report for the first quarter by June 30, this employer would be included in the secured count for this indicator. Employers who have been issued estimated assessments for contributions due or for whom substitute contribution reports may have been generated or are found to be no longer liable, are not considered as secured.

The number of active employers is the same as Indicator 1.

**Indicator 3 & 6 - Resolution of Report Delinquencies (Contributory & Reimbursing)**

(The percent of reports secured plus delinquencies resolved by the last day of the second reporting period (i.e., within 180 days of the quarter ending date, or within 180 days of the date delinquency discovered for newly established accounts).

Rationale. To effectively manage accounts receivable it is important that amounts determined to be due are established on a timely basis. This indicator is intended to bridge the gap between Report Delinquency and Collections, and in effect is an indicator of "tax report delinquency" resolved via establishing a legally due and collectable amount due. Considering that for most SESAs reports are delinquent if not filed within 30 days after the quarter ending date, and adding an additional 150 days (i.e., 60 days of the following quarter plus the 2nd following quarter), 180 days was selected as a reasonable goal for resolution of report delinquencies.

REPORT DELINQUENCY

COMPUTED MEASURES

**COMPUTED MEASURES**

Formula.

The average number of contributory/reimbursing employers whose report delinquencies were resolved within 180 days (two quarters)  
for four (581) report quarters  
Average number of active contributory/reimbursing employers for the four (581) report quarters ending two quarters earlier

Data Elements.

The number of employers whose report delinquencies were resolved within 180 days of the quarter ending date is reported on the ETA 581 as item #8 for contributory employers and item #11 for reimbursing employers.

**NOTE:** Report Delinquencies are to be considered resolved upon securing reports, determining non-liable for reporting (e.g., the employer was found not to be subject, or the SESA decided to inactivate an active employer, or to "write off" the employer's delinquency status), or establishing a "final" assessment that is legally due and collectible. "Final" assessments are to be reported as Amounts Determined Receivable.

The number of active employers is defined the same as for Indicators 1 and 2. Because reporting is for the number of report delinquencies resolved within 180 days (six months), the average number of active employers is the four quarters ending two quarters earlier.



**REPORT DELINQUENCY**

**COMPUTED MEASURES**

**COMPUTED MEASURES**

***Drawing Conclusions***

An analysis of the results of Report Delinquency Computed Measures will provide the TPS reviewer with an indication of how effective the SESA is in promoting voluntary filing and in resolving report delinquency. The first and fourth indicators show the overall level of employer compliance in the State, for contributory and reimbursing employers, the second and fifth indicators show the combined effect of voluntary compliance and SESA-induced compliance. The third and sixth indicators combine voluntary compliance, the delinquency unit's impact, and the SESA's use of other methods to resolve delinquencies such as assessments or determinations of non-liability for contributory and reimbursing employers.

The reviewer should be able to make observations as a result of these indicators that would be reflected in both the Methods Survey and the Systems Review. For example, the reviewer would expect that if the SESA had a high percentage of voluntary compliance in report filing this would be reflected by some exemplary practices in the Methods Survey. Likewise, if the number of reports resolved was low the TPS reviewer may find areas of risk in the Systems Review which are causing the problem.

Findings or trends from computed measures should be considered with Systems Review, Methods Survey and Acceptance Sample findings in evaluating the effectiveness of the SESA's operations and be included in the Annual Report.

**ET HANDBOOK NO. 407  
TAX PERFORMANCE SYSTEM**

**CHAPTER FIVE**

**REPORT DELINQUENCY**

**COMPUTED MEASURES**

# **PROGRAM REVIEW**

## **COMPONENTS**

### **SYSTEMS REVIEW**

### **ACCEPTANCE SAMPLES**



## **SYSTEMS REVIEW**



ET HANDBOOK NO. 407  
TAX PERFORMANCE SYSTEM

CHAPTER FIVE

REPORT DELINQUENCY

PROGRAM REVIEW

SYSTEMS REVIEW INTERVIEW SHEET

<b>Function</b>
-----------------

<b>Reviewer</b>
-----------------

Persons Interviewed		
Date	Name:	Title:

Documents Reviewed	
Title:	Form#:





REPORT DELINQUENCY

PROGRAM REVIEW

**SYSTEMS REVIEW**

***Recorded Information and Instructions***

**Recorded information and instructions for maintenance of delinquent employer accounts should include the means by which delinquent accounts are identified, the conditions under which the employers should be notified, and the resolution of such delinquencies.**



The reviewer should examine recorded instructions available to the staff and compare procedures to the laws and written policies of the SESA to determine if the recorded information and instructions are current, accurate, and complete. The reviewer should also observe the delinquent report process and talk with employees to learn whether or not the recorded instructions are available and being used.

In the narrative section following the questions, explain any "N/A" responses, and describe "Compensating Controls". Identify the question being explained by referencing the number and section. If there are no recorded instructions, describe in the narrative how the staff becomes aware of the proper procedures to perform the tasks of the Report Delinquency function.



REPORT DELINQUENCY

PROGRAM REVIEW

**SYSTEM REVIEW QUESTIONS**

1. Does the SESA have recorded instructions to help staff process delinquent employer information in accordance with State laws and written policies?

Yes \_\_\_ No \_\_\_

2. If yes, are the recorded information and instructions:

	<u>Yes</u>	<u>No</u>
a. Current? .....	___	___
b. Accurate? .....	___	___
c. Complete? .....	___	___
d. Readily available to staff? .....	___	___

VS:(Questions 1 and 2)

---

---

---

---

3. If any of the preceding evaluative questions were answered "No", does the SESA have a substitute or compensating control?

Yes \_\_\_ No \_\_\_ N/A \_\_\_

If Yes, describe in the Narrative Section following these questions.

VS:(Question 3)

---

---

---



**REPORT DELINQUENCY**

**PROGRAM REVIEW**

**SYSTEMS REVIEW NARRATIVE**

Question Number	Explanation of "N/A" and "Compensating Controls" (when deemed necessary)
--------------------	---

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

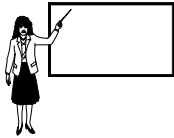
Question Number	Answers to "If yes, describe" and "Other":
--------------------	--

_____	_____
_____	_____
_____	_____
_____	_____

## **SYSTEMS REVIEW**

### ***Training***

**The SESA needs to have systems and procedures to identify training needs and deliver training to employees who perform duties within the Report Delinquency function. New employees need to learn the procedures for processing and recording delinquent reports. Existing employees benefit from periodic refresher courses and additional training when procedures change and/or quality defects occur at an unacceptably high rate.**



The reviewer should respond to the following questions after discussing with management the training systems used for Report Delinquency staff, and examining the training packages utilized.

In the narrative section following the questions, explain any "N/A" responses, and describe "Compensating Controls". Identify the question being explained by referencing the number and section. If there are no formal training systems, then describe how the staff knows the laws and written policies and the proper procedures to perform the Report Delinquency function duties.

## **SYSTEMS REVIEW QUESTIONS**

1. Does the SESA have methods or procedures to provide training for newly hired employees?

Yes \_\_\_ No \_\_\_

\*If yes, identify the type of training:

		<u>Yes</u>	<u>No</u>
a.	*Formal Classroom Training? .....	___	___
b.	*On the Job Training? .....	___	___
c.	*One-on-One Training? .....	___	___
d.	*Individual Self-guided Training? .....	___	___
e.	*Other? .....	___	___

Describe the type and frequency of training in the narrative.

2. Does the SESA have methods or procedures to provide refresher training for experienced employees?

Yes \_\_\_ No \_\_\_

\*If yes, identify the type of training:

		<u>Yes</u>	<u>No</u>
a.	*Formal Classroom (e.g., refresher courses)? .....	___	___
b.	*On the Job Training? .....	___	___
c.	*One-on-One Training? .....	___	___
d.	*Individual Self-guided Training? .....	___	___
e.	*Other? .....	___	___

Describe the type and frequency of training in the narrative.

REPORT DELINQUENCY

PROGRAM REVIEW

**SYSTEMS REVIEW QUESTIONS**

3. Does the SESA provide training when there are:

Yes No N/A

- |     |  |     |     |
|-----|--|-----|-----|
| a.  | State law changes? .....   | ___ | ___ |
| b.  | Policy/procedure changes? .....  | ___ | ___ |
| c.  | Needs identified from review of finished<br>work (e.g., supervision, quality assurance<br>review)? ..... | ___ | ___ |
| d.  | Hardware/software changes? .....   | ___ | ___ |
| e.* | Other? .....   | ___ | ___ |

4. Does the SESA have processes (e.g., back-up training or organizational flexibility) to assure that staff absences will not disrupt operations?

Yes \_\_\_ No \_\_\_

If yes, describe in the Narrative Section.

VS: (Questions 1-4)

---

---

---

---

5. \*Does the SESA provide training to acquaint new employees with the mission, goals and function of the UI program?

Yes \_\_\_ No \_\_\_



REPORT DELINQUENCY

PROGRAM REVIEW

**SYSTEMS REVIEW QUESTIONS**

6. \*Is someone assigned the responsibility to determine the effectiveness of the training provided by the SESA?

Yes \_\_\_ No \_\_\_

7. \*In the opinion of the supervisor or manager, does the training meet the needs of the Report Delinquency function? (e.g., Are sufficient resources available--training packages, facilities, staff, etc.)

Yes \_\_\_ No \_\_\_

8. If any of the preceding evaluative questions were answered "No", does the SESA have a substitute or compensating control?

Yes \_\_\_ No \_\_\_ N/A \_\_\_

If Yes, describe in the Narrative Section following these questions.

VS:(Question 8)

---

---

---

---

---



**REPORT DELINQUENCY**

**PROGRAM REVIEW**

**SYSTEMS REVIEW NARRATIVE**

Question Number	Explanation of "N/A" and "Compensating Controls" (when deemed necessary)
--------------------	---

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Question Number	Answers to "If yes, describe" and "Other":
--------------------	--

_____	_____
_____	_____
_____	_____
_____	_____

## **SYSTEMS REVIEW**

### ***Recording of Transactions and Events***

**The Report Delinquency function should have procedures and controls to assure that notifications, enforced and/or stayed delinquency resolution action (such as subpoenas, court orders and final assessments) are recorded. The source information should be readily available for examination. Whether the SESA system is manual or automated, an audit trail should lead from the Report Delinquency data recorded in the employer account record to the information source upon which the Report Delinquency action was based.**



The reviewer should become familiar with the various types of Report Delinquency actions which require an audit trail leading to the supporting documentation.

In the narrative section following the questions, explain any "Other" responses, and describe "Compensating Controls". Identify the question being explained by referencing the number and section. If the SESA does not maintain source documents or an audit trail, describe how it assures that correct/appropriate Report Delinquency actions have been taken.

blank page

**SYSTEMS REVIEW QUESTIONS**

1. Does the SESA have procedures to assure that all enforced and/or stayed Report Delinquency actions can be traced to a source document (e.g., subpoenas, assessments, and court orders)?

Yes \_\_\_ No \_\_\_

2. Can the following be identified through the audit trail:

Yes No

- a. When and how the employer was contacted to secure the delinquent report? ..... \_\_\_ \_\_\_
- b. Enforced or stayed delinquency resolution actions taken? ..... \_\_\_ \_\_\_
- c. Date enforced or stayed delinquency resolution actions were initiated? ..... \_\_\_ \_\_\_
- d. Whether money was received with the delinquent report? ..... \_\_\_ \_\_\_
- e. The date the delinquent report was received? ..... \_\_\_ \_\_\_

VS:(Questions 1 - 2)

---

---

---

---

3. In those instances when the staff resolves a delinquent report without money does the SESA have a procedure that assures enforced collection action can be initiated?

Yes \_\_\_ No \_\_\_

VS:(Question 3)

---

---

---

---

**SYSTEMS REVIEW QUESTIONS**

4. Are information sources retained and accessible for SESA use?

**REPORT DELINQUENCY**

**PROGRAM REVIEW**

Yes\_\_\_ No\_\_\_

VS:(Question 4)

---

---

---

---

5. If any of the preceding evaluative questions were answered "NO" does the SESA have a substitute or compensating control?

Yes\_\_\_ No\_\_\_ N/A\_\_\_

If Yes, describe in the Narrative Section following these questions.

VS:(Question 5)

---

---

---

---

## **SYSTEMS REVIEW NARRATIVE**

Question Number	Explanation of "N/A" and "Compensating Controls" (when deemed necessary)
--------------------	---

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Question Number	Answers to "If yes, describe" and "Other":
--------------------	--

_____	_____
_____	_____
_____	_____
_____	_____

## **SYSTEMS REVIEW**

### ***Systems To Assure Execution of Events***

**For Report Delinquency, controls should be built in to assure the execution of events for**

REPORT DELINQUENCY

PROGRAM REVIEW

**processing delinquent employer account information. Such controls may include automated or manual checks of active employer accounts to accounts for which contribution reports have been received, and program checks to assure that delinquent employers are properly identified, and that delinquency notices are mailed in a timely manner.**



The reviewer should become familiar with the various systems used by the SESA to assure execution of events for processing delinquent employer account information.

In the narrative section following the questions, explain any "N/A" responses, and "Compensating Controls". Identify the question being explained by referencing the number and section. If the SESA does not have internal controls or safeguards, describe how it assures that delinquent employers are properly identified and notified.



## **SYSTEMS REVIEW QUESTIONS**

1. Does the SESA have procedures and/or internal controls to assure that delinquent employers are properly identified?

Yes \_\_\_ No \_\_\_

- a. \*If yes, is there an automated system indicator to identify accounts that are delinquent?

Yes \_\_\_ No \_\_\_

- (1) If yes, is a system check performed every time a program is changed?

Yes \_\_\_ No \_\_\_

VS:(Question 1)

---

---

---

---

---

2. Does the SESA have a method to confirm the accuracy of the number of delinquent accounts identified (e.g., compare the number of active accounts against the number of reports processed)? If yes, describe in the narrative section.

Yes \_\_\_ No \_\_\_

- a. If yes, does the SESA resolve discrepancies found?

Yes \_\_\_ No \_\_\_

REPORT DELINQUENCY

PROGRAM REVIEW

**SYSTEMS REVIEW QUESTIONS**

3. Does the SESA have procedures and/or internal controls to assure that delinquent employers are properly notified?

Yes \_\_\_ No \_\_\_

- a. \*If yes, is the procedure for issuing delinquency notices automated?

Yes \_\_\_ No \_\_\_

- (1) If yes, is a system check performed every time a program is changed?

Yes \_\_\_ No \_\_\_

VS:(Question 2 & 3)

---

---

---

---

---

4. Is there a method to suppress delinquency notices in cases of contested coverage or for accounts that have unprocessed contribution reports "in house"?

Yes \_\_\_ No \_\_\_

VS:(Question 4)

---

---

---

---

REPORT DELINQUENCY

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

5. Is there a method to identify and control those delinquent employers in bankruptcy to assure:

Yes No

- a. Reports are secured in sufficient time to file  
a claim for the taxes due? . . . . .
- b. Those employers continuing in business are  
monitored to ensure reports are filed timely? . . . . .
- c. Upon bankruptcy being closed, are unresolved  
delinquencies reassigned for further action? . . . . .

VS:(Question 5)

---

---

---

---

---

6. Does the SESA have procedures and/or internal controls to assure that follow-up actions are taken to obtain prior quarter delinquencies that are identified during current quarter processing?

Yes      No     

VS:(Question 6)

---

---

---

---

**REPORT DELINQUENCY**

**PROGRAM REVIEW**

**SYSTEMS REVIEW QUESTIONS**

7. Does the SESA have controls which assure that staff resolve delinquent reports within specified time periods?

Yes \_\_\_ No \_\_\_

VS:(Question 7)

---

---

---

---

8. Does the SESA have procedures that provides notification to the appropriate staff members when a delinquent report is received?

Yes \_\_\_ No \_\_\_ N/A \_\_\_

VS:(Question 8)

---

---

---

---

9. If any of the preceding evaluative questions were answered "No", does the SESA have a substitute or compensating control?

Yes \_\_\_ No \_\_\_ N/A \_\_\_

If Yes, describe in the Narrative Section following these questions.

REPORT DELINQUENCY

PROGRAM REVIEW

VS:(Question 9)

**ET HANDBOOK NO. 407  
TAX PERFORMANCE SYSTEM**

**CHAPTER FIVE**

**REPORT DELINQUENCY**

**PROGRAM REVIEW**

**SYSTEMS REVIEW NARRATIVE**

Question Number	Explanation of "N/A" and "Compensating Controls" (when deemed necessary)
--------------------	---

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Question Number	Answers to "If yes, describe" and "Other":
--------------------	--

_____	_____
_____	_____
_____	_____
_____	_____

**ET HANDBOOK NO. 407  
TAX PERFORMANCE SYSTEM**

**CHAPTER FIVE**

---

**REPORT DELINQUENCY**

**PROGRAM REVIEW**

---

**ET HANDBOOK NO. 407  
TAX PERFORMANCE SYSTEM**

**CHAPTER FIVE**

**REPORT DELINQUENCY**

**PROGRAM REVIEW**



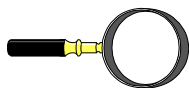
REPORT DELINQUENCY

PROGRAM REVIEW

**SYSTEMS REVIEW**

*Review of Completed Work*

**For the Report Delinquency function, supervisory and/or quality assurance reviews are necessary to ensure that system procedures and internal controls used in identifying and notifying delinquent employers are working, and that records of report delinquency resolution activities are being maintained.**



A review of completed work should be done on a regular basis for all staff members involved in processing delinquent employer account information. This review may be done on an individual basis for each staff member, or by sampling work done throughout the entire unit. The following questions are designed to determine how these reviews are conducted.

The reviewer should become familiar with the kind of review program the SESA uses to assess the work performed by the Report Delinquency function.

In the narrative section following the questions, explain any "other" responses. Identify the question being explained by referencing the number and section. If there is no review performed, describe how the SESA has reasonable assurance that delinquencies are being properly identified, notified, and resolved.



For staff members involved in the Report Delinquency process, are the following components subject to some form of systematic review?  
 For Yes answers, indicate the approximate percentage, **if known**, of work reviewed on an annual basis. If review is performed but percentage is unknown, enter a "Y" in the appropriate column(s). For Yes answers, also enter "Y" in column 6. If there are no reviews, answer "N" for No in column 6. Column 6 is the only evaluative question.

Component	Type of review					
	*1 Supv %/Y	*2 Peer %/Y	*3 QR (Qual. Rev) %/Y	*4 Support Clerical %/Y	*5 Other %/Y	6 Review Conducted Y/N
a. That the delinquent employer is being contacted timely?						
b. That a history of report delinquency resolution activities is being maintained?						
c. That SESA report delinquency enforcement tools are being appropriately utilized?						
d. That multiple quarter delinquencies are being worked toward being resolved.						
e. That specific requests (e.g., subpoena request, employer account updates, written requests for assistance, or notices of bankruptcy) are acted upon timely?						

VS: (Question 6)

\*Informational



REPORT DELINQUENCY

PROGRAM REVIEW

**SYSTEMS REVIEW QUESTIONS**

7. If any of the preceding evaluative questions are answered "No", does the SESA have a substitute or compensating control?

Yes \_\_\_ No \_\_\_ N/A \_\_\_

If Yes, describe in the Narrative Section following these questions.

VS: (Question 7)

---

---

---

---

---

---

---



ET HANDBOOK NO. 407  
TAX PERFORMANCE SYSTEM

CHAPTER FIVE

REPORT DELINQUENCY

PROGRAM REVIEW

**SYSTEMS REVIEW NARRATIVE**

Question Number	Explanation of "N/A" and "Compensating Controls" (when deemed necessary)
--------------------	---

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Question Number	Answers to "If yes, describe" and "Other":
--------------------	--

_____	_____
_____	_____
_____	_____
_____	_____

## **SYSTEMS REVIEW QUESTIONS**

### ***ADDITIONAL CONTROLS***

1. \*Does the SESA have internal controls or quality review systems in the Report Delinquency function which this review failed to identify?

Yes \_\_\_ No \_\_\_

If yes, describe below:

2. \*Are there any exemplary practices for the Report Delinquency function?

Yes \_\_\_ No \_\_\_

If yes, describe below:

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---



## **ACCEPTANCE SAMPLES**



REPORT DELINQUENCY

PROGRAM REVIEW

**ACCEPTANCE SAMPLE INSTRUCTIONS**

***Purpose/Intent***

- To determine if the SESA accurately identifies delinquent employer accounts.
- To assure that delinquent employers are notified properly.
- To determine if the SESA takes appropriate action to resolve delinquencies.

***Scope***

- The scope of the review will focus on those employers who are currently delinquent for the first quarter (prior quarter delinquencies are not to be included.)

***Universe***

- The universe to be identified for the Report Delinquency Acceptance Sample will include:
  1. Employers whose delinquency is newly established for the 1st calendar quarter during the \*processing period.
  2. All accounts identified as delinquent once the SESA has passed its delinquency cut off date (both contributing and reimbursing employers).

**Note:** \*The processing period is the SESA time period during which the quarterly reports and contributions are processed.

REPORT DELINQUENCY

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

*Timing/Frequency*

- The universe will be identified once per calendar year.
- The universe should be identified prior to mailing first quarter report delinquency notices.
- The sample should not be selected until the fourth quarter (approximately Nov.-Dec.), and review should not begin before November 15th of the calendar year being reviewed.

*Sampling Procedures*

- The following steps must be taken to establish the universe and select the sample accounts:
  1. List or identify the location or create a transaction file of accounts that are determined to be delinquent.
  2. Identify the population of delinquent employers after the quarterly processing period has ended for the 1st calendar quarter. (Approximately May 15)
  3. During the 4th quarter (Nov. - Dec.), select the sample of 60 accounts from the population identified after the end of the 1st quarter processing cycle.
  4. The sample should be selected just prior to conducting the review. The review should be completed no later than December 31.

REPORT DELINQUENCY

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

*Sampling Procedures  
cont.*

5. If the system is automated, the Reviewer must work closely with the ADP unit to ensure a thorough understanding of what, when and how the samples should be selected.
6. Appendix A describes what action needs to be taken for sampling both manual and automated systems.

*Reviewing Samples*

- Assemble the following information for each of the cases selected for review:
  1. A copy of the delinquent employer notice or information taken from the ADP file that is similar to that on the original notice (e.g., employer name, account number, address and quarter/year delinquent).
  2. The employer's account information in the SESA's files relative to reporting liability.
- Compare all source documents for the sample account with the information shown on the employer's master file.
- To answer question #1 the reviewer will need to know what cut off date the SESA used. The reviewer will then compare the date the employer's wage report was received by the SESA against the cut off date to ensure it was properly identified as delinquent.

REPORT DELINQUENCY

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

*Reviewing Samples  
cont.*

- For purposes of answering question 2b. "suppressed" refers to a restrictive action taken by the SESA that intentionally prevents a normal work flow from being completed (e.g., not mailing a delinquency notice to an employer due to a pending appeal, or an employer that is in bankruptcy and SESA procedures that do not allow notices to be mailed).

*Drawing Conclusions*

- Using this information, answer the questions on the Acceptance Sample Questionnaire.
- The following questions are evaluative:
  1. Proper identification of delinquent employer.
  - 2.a Was the delinquent notice for the correct quarter and year.
  - 2.b Was the notice suppressed in accordance with SESA procedures.
  3. Appropriate SESA staff notified.
  - 4.b(1) Was the assessment filed timely.
  5. Appropriate action taken to resolve delinquency in accordance with SESA procedures.
- A "No" answer to question #1, 2a, 2b, 3, 4b(1) or 5 means the sampled report delinquency case was not handled correctly and is not considered acceptable.

REPORT DELINQUENCY

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

*Drawing Conclusions  
cont.*

- Of the 60 cases, if three or more are found to be unacceptable, then the reviewer must conclude that the SESA does not have reasonable assurance that employers are being properly identified and notified as being delinquent or that such delinquencies are being resolved in accordance with SESA procedures.
- For all unacceptable cases, the reviewer must provide an explanation for the unacceptable case on the Acceptance Sample Explanation Sheet.

*Documentation*

- All source documentation (gathered to review samples) must be kept until the completion and Regional Office approval of the Annual Report. Either hard copy documentation or (in some highly automated systems) the ability to recreate the identical information used in the review must be maintained.





REPORT DELINQUENCY

PROGRAM REVIEW

**ACCEPTANCE SAMPLE QUESTIONNAIRE**

***Identification***

1. Based on the available information, did the SESA's system identify the employer's account properly as being delinquent?

Yes \_\_\_ No \_\_\_

If yes, answer questions #2-#5.

If no, skip #2 and #3, and answer #4 and #5.

***Notification***

2. Did the SESA issue a delinquent report notice?

Yes \_\_\_ No \_\_\_

If yes answer 2a.

If no answer 2b.

- a. Was the delinquent notice for the correct quarter\year?

Yes \_\_\_ No \_\_\_

- b. Was the notice suppressed in accordance with SESA procedures?

Yes \_\_\_ No \_\_\_

3. Were appropriate SESA staff notified, in accordance with established procedures, that the employer was delinquent (e.g., Field Staff, Delinquency Unit Staff or the Assessment Unit Staff)?

Yes \_\_\_ No \_\_\_

REPORT DELINQUENCY

PROGRAM REVIEW

ACCEPTANCE SAMPLE QUESTIONNAIRE

*Resolution of Delinquency*

4. \*Was the report delinquency resolved?

Yes \_\_\_ No \_\_\_

\*If yes, was the delinquency resolved by:

Yes No N/A

- \*a. securing a contribution report? ..... \_\_\_ \_\_\_ \_\_\_  
\*b. assessing taxes for the delinquent quarter? ..... \_\_\_ \_\_\_ \_\_\_  
    (1) If yes, was the assessment made within  
        the time period prescribed by the SESA? ..... \_\_\_ \_\_\_ \_\_\_  
\*c. inactivating the account? ..... \_\_\_ \_\_\_ \_\_\_  
\*d. posting the report, which had previously  
    been posted to an incorrect account number,  
    to the correct account number? ..... \_\_\_ \_\_\_ \_\_\_  
\*e. other? ..... \_\_\_ \_\_\_ \_\_\_

Describe \_\_\_\_\_  
\_\_\_\_\_

5. Was appropriate action taken to resolve the report delinquency  
in accordance with SESA laws and policies?

Yes \_\_\_ No \_\_\_

*TAX PERFORMANCE SYSTEM*

*Report Delinquency Sample Coding Sheet*

SESA: \_\_\_\_\_ Period Covered: \_\_\_\_\_ Date: \_\_\_\_\_ Reviewer: \_\_\_\_\_

Sample Type:      *G* Acceptance      *G* Expanded

<i>Case Number</i>	<i>Employer Identification Number</i>	<i>1</i>	<i>2</i>	<i>2a</i>	<i>2b</i>	<i>3</i>	<i>4</i>	<i>4a</i>	<i>4b</i>	<i>4b-1</i>	<i>4c</i>	<i>4d</i>	<i>4e</i>	<i>5</i>	<i>Pass/Fail Y/N</i>

*Questions 1, 2a, 2b, 3, 4b1, and 5 are evaluative.*

Total Acceptable \_\_\_\_\_ of \_\_\_\_\_  
Page \_\_\_\_\_ of \_\_\_\_\_



*TAX PERFORMANCE SYSTEM*

*Report Delinquency Sample Explanation Sheet*

*SESA:* \_\_\_\_\_ *Period Covered:* \_\_\_\_\_ *Date:* \_\_\_\_\_ *Reviewer:* \_\_\_\_\_

*Sample Type:*      *G* *Acceptance*      *G* *Expanded*

<i>Case Number</i>	<i>Employer Identification Number</i>	<i>Explanation</i>



## **METHODS SURVEY**





REPORT DELINQUENCY

METHODS SURVEY

**METHODS SURVEY**

This Survey gathers information on methods and procedures for dealing with Report Delinquency. All questions on the Survey Checklist are for informational purposes.

**Period Covered By The Survey.** The Survey can be initiated at any time of the year, and the period to be covered by the Survey is the four completed calendar quarters immediately preceding the date of review. All responses relative to the number of employers, number of delinquent employers and/or number of delinquent quarters are to reflect total numbers during the four calendar quarter period of review (e.g., if a single employer was delinquent each quarter, the reviewer would count four delinquent quarters/four contacts if employer contacted each quarter).

While the SESAs best number estimates are preferred and should be provided if possible, if numbers are not available frequency of use may be substituted by indicating an a, b, c, d, or e as follows:

Code	Delinquent Employers
a.	Most (75 - 100%)
b.	Frequently (50 - 75%)
c.	Sometimes (25 - 50%)
d.	Rarely ( 1 - 25%)
e.	Never ( 0% )

Questions asking if methods are effective (Yes/No/?) should be answered based on the SESA's experience/judgement. Responses are to be coded as follows:

Y = Yes   N = No   ? = Don't Know

REPORT DELINQUENCY

METHODS SURVEY

**METHODS SURVEY**

**Definition Of Terms.** The "Glossary Of TAX PERFORMANCE SYSTEM Terms" should be referred to for definitions - especially important for "Delinquent Contribution Report", "Due Date", "Delinquent Date" and "Phone Power Unit". The Glossary is located in the Appendix C of this document.

**UI Laws, Regulations, Policies and Procedures.** Many questions in the Survey ask the reviewer to answer questions relative to the State law/SESA authority. Before attempting to complete the Survey and answer these questions, the reviewer must either be very familiar with the SESA's law(s) and procedures, or must complete a thorough review of the State's laws, regulations, written policies and procedures relative to enforcement of reporting compliance.

**Legal Code Sources.** In addition to the State UI law, many SESAs utilize other laws to enforce compliance. When providing references for Code Sources, indicate the specific code (i.e., SESA UI Code, Code of Civil Procedure, Government Code, Uniform Commercial Code), in addition to the specific Section(s) of the respective Code(s). Laws that prove to be especially effective in reducing report delinquencies may later be identified, compiled and presented to other SESAs that are interested in enacting similar legislation.

**Additional Information.** Reviewers/SESAs should not hesitate to provide additional information regarding procedures and/or systems not specifically addressed in the Survey that have been found to be effective. In addition, SESAs may add more detail to the information they provide if it will assist in their own self evaluation efforts.

REPORT DELINQUENCY

METHODS SURVEY

METHODS SURVEY

PART I. RESOLVE DELINQUENCIES

*A. Notification Methods*

1. Written Notification:

- a. Does the SESA send written notification following the quarter delinquent date?

Yes \_\_\_ No \_\_\_

If yes, indicate the approximate number of days after the delinquent date that written notices are mailed. \_\_\_\_\_

- b. Does the SESA maintain a separate address file for mailing report forms?

Yes \_\_\_ No \_\_\_

- (1) If yes, does the SESA mail Delinquent Employer Notices directly to the employer's **business** address (rather than accountant/payroll agent address)?

Yes \_\_\_ No \_\_\_

REPORT DELINQUENCY

METHODS SURVEY

METHODS SURVEY

- c. Does the SESA send additional written follow-up notices?

Yes \_\_\_ No \_\_\_

If yes, indicate frequency. \_\_\_\_\_  
(Wk., Mo., Qtr., Other.)

2. Telephone Notification: Does the SESA have a "phone power" unit?  
(e.g., staff designated to call delinquent employers)

Yes \_\_\_ No \_\_\_

If yes, answer a, b, c, and d.

- a. Does the SESA systematically utilize a central office "phone power" unit  
for contacting delinquent employers **before** written notices are mailed?

Yes \_\_\_ No \_\_\_

If yes, indicate the approximate number of delinquent employers  
contacted. \_\_\_\_\_

- b. Does the SESA utilize a central office "phone power" unit to telephone  
delinquent employers **after** written notices are mailed?

Yes \_\_\_ No \_\_\_

If yes, indicate the approximate number of delinquent employers  
contacted. \_\_\_\_\_

ET HANDBOOK NO. 407  
TAX PERFORMANCE SYSTEM

CHAPTER FIVE

REPORT DELINQUENCY

METHODS SURVEY

METHODS SURVEY

- c. Does the SESA utilize field office "phone power" to telephone delinquent employers?

Yes \_\_\_ No \_\_\_

If yes, indicate the approximate number of delinquent employers contacted. \_\_\_\_\_

- d. Does the SESA use automated dialing equipment?

Yes \_\_\_ No \_\_\_

If yes, indicate:

Yes No

(1) Recorded message . . . . . \_\_\_ \_\_\_

(2) In-person dialogue . . . . . \_\_\_ \_\_\_

(3) Other (describe) . . . . . \_\_\_ \_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. When employers are identified as delinquent are appropriate staff also notified (e.g., Field Staff, Delinquency Unit, Assessment Staff)?

Yes \_\_\_ No \_\_\_

If yes, were they notified at the time of the:

Yes No

(1) 1st delinquent notice . . . . . \_\_\_ \_\_\_

(2) 2nd delinquent notice . . . . . \_\_\_ \_\_\_

(3) Other (describe) . . . . . \_\_\_ \_\_\_

\_\_\_\_\_  
\_\_\_\_\_

REPORT DELINQUENCY

METHODS SURVEY

METHODS SURVEY

*B. Enforcement Of Reporting Compliance*

1. Does the SESA make on-site visits as a routine procedure to secure delinquent reports?

Yes \_\_\_ No \_\_\_

If yes, indicate the approximate number of employers visited. \_\_\_\_\_

Describe the criteria for on-site visits. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Does the SESA use either a subpoena or a "Notice to Produce Records" to secure delinquent reports?

Yes \_\_\_ No \_\_\_

If yes, indicate the approximate number issued. \_\_\_\_\_

Describe the criteria for issuing such a demand. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. Does the SESA utilize special procedures for controlling chronic (habitually delinquent) employers?

Yes \_\_\_ No \_\_\_

If yes, indicate the number of delinquent employers affected. \_\_\_\_\_

**ET HANDBOOK NO. 407  
TAX PERFORMANCE SYSTEM**

**CHAPTER FIVE**

**REPORT DELINQUENCY**

**METHODS SURVEY**

Describe procedures and define types of "chronic" employers. \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**METHODS SURVEY**

4. Can the SESA authorize the delay of renewal, suspension or revocation of licenses, permits or other permission to operate and conduct business for failure to file reports?

Yes \_\_\_ No \_\_\_

If yes, indicate the type of license/permit, the number or frequency (see page 2 of Instructions), and effectiveness of SESA actions below:

<u>License/Permit</u>	<u>Delinquent ERs. or</u>		<u>Frequency</u>	<u>Is Method Effective</u>		
	<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	<u>?</u>
a. Business .....	___	___	___	___	___	___
b. Contracting/specialty .....	___	___	___	___	___	___
c. Liquor .....	___	___	___	___	___	___
d. Professional .....	___	___	___	___	___	___
e. Lottery .....	___	___	___	___	___	___
f. Other (describe) .....	___	___	___	___	___	___

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Code source(s) \_\_\_\_\_  
 \_\_\_\_\_

**ET HANDBOOK NO. 407  
TAX PERFORMANCE SYSTEM**

**CHAPTER FIVE**

**REPORT DELINQUENCY**

**METHODS SURVEY**

- \_\_\_\_\_
5. Does the SESA get court orders to stop operation of business, revoke bonds or security deposits, and/or prosecute employers criminally for failure to file reports?

Yes \_\_\_\_ No \_\_\_\_



**REPORT DELINQUENCY**

**METHODS SURVEY**

**METHODS SURVEY**

If yes to any of the above, indicate the type of action, the number and effectiveness of SESA actions below:

		Delinquent ERs. or	<u>Is Method</u> <u>Effective</u>	<u>Frequency</u>	<u>Yes</u>	<u>No</u>	<u>?</u>
	<u>Action</u>						
a.	Court Order . . . . .	___		___	___	___	___
b.	Bonds/Security Deposits . . . . .	___		___	___	___	___
c.	Criminal Prosecution . . . . .	___		___	___	___	___
d.	Other (describe) . . . . .	___		___	___	___	___
	_____						
	_____						
	_____						
	_____						
	_____						
	Code source(s) _____						
	_____						
	_____						

***C. Administrative Establishment of Tax Liability***

**1. Assessment of Estimated Tax Liability**

a. Does the SESA have authority to issue estimated assessments?

Yes \_\_\_ No \_\_\_

REPORT DELINQUENCY

METHODS SURVEY

METHODS SURVEY

If no, go to question 2. If yes, describe assessment procedures including when assessments become "final". In addition, cite code source(s), and answer questions b. - g. below.

---

---

---

---

---

Code source(s) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

b. Can employers appeal SESA's estimated assessments?

Yes \_\_\_ No \_\_\_

c. If yes to b., does the SESA allow employer appeals without the payment of assessments or the posting of bond?

Yes \_\_\_ No \_\_\_

d. Does the SESA utilize an automated formula?

Yes \_\_\_ No \_\_\_

e. Do the SESA procedures provide for issuing automated assessments within established period(s) of time?

**ET HANDBOOK NO. 407  
TAX PERFORMANCE SYSTEM**

**CHAPTER FIVE**

**REPORT DELINQUENCY**

**METHODS SURVEY**

Yes \_\_\_\_ No \_\_\_\_

REPORT DELINQUENCY

METHODS SURVEY

METHODS SURVEY

If yes to d. and/or e., provide the number of report delinquencies assessed.  
Describe the formula and time period(s). \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- f. Do the SESA procedures provide for determining the amount of assessment based on staff judgment?

Yes \_\_\_ No \_\_\_

- g. Does the State law provide for issuing Jeopardy Assessments?

Yes \_\_\_ No \_\_\_

If yes, indicate the number of estimated Jeopardy Assessments issued to resolve report delinquencies. \_\_\_\_\_

Describe circumstances below.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Does the SESA use other methods to establish tax due?

Yes \_\_\_ No \_\_\_

If yes, describe and indicate the number of employers affected. \_\_\_\_\_

\_\_\_\_\_

---

**REPORT DELINQUENCY**

**METHODS SURVEY**

---

REPORT DELINQUENCY

METHODS SURVEY

METHODS SURVEY

*D. Administrative Cancellation of Report Delinquency*

1. Has the SESA established standards or procedures for closing Report Delinquencies (e.g., inactivating delinquency assignments based on tolerances for low wage/tax due), without securing reports or issuing estimated assessments?

Yes \_\_\_ No \_\_\_

If yes, indicate the number of delinquencies canceled. \_\_\_\_\_

Describe circumstances and indicate tolerances.

---

---

---

*E. Additional Actions*

1. Does the SESA have additional methods and/or procedures for dealing with Report Delinquency that this survey failed to identify?

Yes \_\_\_ No \_\_\_

If yes, describe.

---

---

---

**REPORT DELINQUENCY**

**METHODS SURVEY**

REPORT DELINQUENCY

METHODS SURVEY

**METHODS SURVEY**

2. Does the SESA follow the same procedures to resolve prior quarter and current quarter delinquencies?

Yes \_\_\_ No \_\_\_

If no, describe the differences between the two procedures.

---

---

---

---

---

***F. Administrative Processes***

1. Does the SESA have a process to evaluate the effectiveness of the notification and enforcement methods utilized?

Yes \_\_\_ No \_\_\_

If yes, describe and provide a copy of the analysis and answer questions 2 and 3.  
If no, skip questions 2 and 3.

---

---

---

2. Does the SESA have an on-going report or analysis that indicates the proportionate distribution of how report delinquencies are resolved?

Yes \_\_\_ No \_\_\_

If yes, indicate whether automated or manual in compilation, describe content and provide an example of report.

---



---

**REPORT DELINQUENCY**

**METHODS SURVEY**

---

**REPORT DELINQUENCY**

**METHODS SURVEY**

**METHODS SURVEY**

3. Does the SESA have an on-going report or analysis that demonstrates the tax impact as a result of delinquency efforts (e.g., how many reports secured with tax due, how many reports with zero wages, how many employers inactivated)?

Yes \_\_\_ No \_\_\_

If yes, indicate whether automated or manual in compilation, describe content and provide an example of report.

---

---

---

---

---

REPORT DELINQUENCY

METHODS SURVEY

METHODS SURVEY

PART II. METHODS TO PROMOTE VOLUNTARY REPORTING AND PAYMENT COMPLIANCE

This checklist serves as a tool to review methods used which facilitate voluntary employer compliance. Because of similarity of procedures, the checklist consolidates information for both reporting and for payment compliance. As with the other Surveys, TPS is gathering this data to provide Technical Assistance to SESAs.

*A. Methods to Facilitate Voluntary Compliance*

1. Answer the following questions to determine whether the SESA has systems in place to facilitate voluntary and accurate employer reporting and payment of tax liability:
  - a. Does a system of employer review (such as employer advisory councils, payroll service agencies, accountant societies) exist to assess the effectiveness of report forms, documents, statements, and notices sent to employers (e.g., are forms readable, are instructions clear, etc.)?

Yes \_\_\_ No \_\_\_

If yes, describe.

---

---

---

---

---

**REPORT DELINQUENCY**

**METHODS SURVEY**

**METHODS SURVEY**

- b. Is there a systematic SESA review/analysis of report forms, statements and notices by collecting information and reviewing frequently asked questions, common mistakes and/or missing data?

Yes \_\_\_ No \_\_\_

If yes, describe. \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

***B. Methods or Techniques Used To Promote Compliance***

**1. Incentives**

During the period under review, what methods are used for registered employer education, involvement, and outreach? In the number column estimate the number of employer contacts. If unknown, leave blank.

<b>Methods</b>	<b>Yes</b>	<b>No</b>	<b>#</b>
a. New employer/1st report education. . . . .	_____	_____	_____
b. Due date extensions for new employer filing. . . . .	_____	_____	_____
c. Employer seminars. . . . . (number of seminars_____)	_____	_____	_____
d. Support via employer associations. . . . .	_____	_____	_____
e. Instructional inserts with report forms. . . . .	_____	_____	* _____
f. Employer Newsletters. . . . . (frequency of issuance_____)	_____	_____	* _____
g. Employer toll-free telephone number. . . . .	_____	_____	_____
h. Other (list and describe below). . . . .	_____	_____	_____

**ET HANDBOOK NO. 407  
TAX PERFORMANCE SYSTEM**

**CHAPTER FIVE**

**REPORT DELINQUENCY**

**METHODS SURVEY**

\* Totals should not exceed the number of active employers

REPORT DELINQUENCY

METHODS SURVEY

METHODS SURVEY

2. Disincentives

During the period under review, indicate the penalties, interest, costs and other techniques used to discourage employers from failing to file reports and pay contributions due timely.

a. Reporting Compliance

- (1) Does the SESA charge a separate penalty for failure to file reports timely?

Yes \_\_\_ No \_\_\_

If yes, indicate:

	Average	Maximum
\$ amount(s)	_____	_____
% amount(s)	_____	_____

Code source(s)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (2) Does the SESA add a penalty tax rate for failure to file reports timely?

Yes \_\_\_ No \_\_\_

If yes, describe the penalty tax rate.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (3) Does the SESA retain the post-marked envelope for proof that the report was received late?

**REPORT DELINQUENCY**

**METHODS SURVEY**

Yes \_\_\_\_ No \_\_\_\_

REPORT DELINQUENCY

METHODS SURVEY

METHODS SURVEY

- (4) Does the SESA provide report envelopes with pre-printed employer's account number on them? (i.e., for situations where employers may have failed to identify themselves or provide report addresses.)

Yes \_\_\_ No \_\_\_

- (5) Does the SESA use other disincentives to promote reporting compliance?

Yes \_\_\_ No \_\_\_

If yes, list and describe. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

b. Payment Compliance

- (1) Indicate the rate of interest charged on Receivables:

	Average	Maximum
Simple interest rate	_____	_____
Compound interest rate	_____	_____
compounded daily	_____	monthly _____

Code source. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



REPORT DELINQUENCY

METHODS SURVEY

METHODS SURVEY

- (2) Indicate the penalty rate(s) charged for failure to pay timely:

	Average	Maximum
\$ amount(s)	_____	_____
% amount(s)	_____	_____

Code source.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (3) Does the SESA add a penalty tax rate for failure to pay timely?

Yes \_\_\_ No \_\_\_

If yes, indicate the penalty tax rate \_\_\_\_\_

Code Source \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (4) Indicate the legal costs or expenses that the SESA adds to an employer's account. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

REPORT DELINQUENCY

METHODS SURVEY

METHODS SURVEY

- (5) Does the SESA apply partial payments in a manner to promote payment compliance (e.g., first to legal costs, penalty, and/or interest, to maximize expense of delayed payment)?

Yes \_\_\_ No \_\_\_

If yes, describe payment allocation policy.

---

---

---

---

- (6) Does the SESA use other procedures or techniques to promote payment compliance not noted above?

Yes \_\_\_ No \_\_\_

If yes, list and describe.

---

---

---

---

**ET HANDBOOK NO. 407  
TAX PERFORMANCE SYSTEM**

**CHAPTER FIVE**

---

**REPORT DELINQUENCY**

**METHODS SURVEY**

---